



Committee report

Committee	CABINET
Date	TUESDAY, 22 MAY 2012
Title	STAG LANE RENEWABLE ENERGY SITE - EXTENSION OF PREFERRED BIDDER STATUS TIMESCALE
Report of	THE DEPUTY LEADER AND CABINET MEMBER FOR THE ECONOMY AND THE ENVIRONMENT

EXECUTIVE SUMMARY

1. This report seeks to agree an extension of the preferred bidder status timescale granted to Real Ventures in respect of its option to purchase the Stag Lane Tip site to regenerate it for renewable energy purposes.

OUTCOME

2. The decision will give Real Ventures further time to complete the ongoing site monitoring as agreed with the Environment Agency (EA), the formal risk assessment for the proposed development and the ongoing discussions (also with the EA) to permit waste to be moved around the site, enabling it to submit a robust planning application for the development of a biomass scheme on the site.

BACKGROUND

3. A restricted marketing exercise was undertaken by the council in late 2009/early 2010 of the former Stag Lane Tip site with a view to identifying suitable renewable energy schemes that would regenerate the site. This led to a cabinet report in March 2010 (decision reference 96/10) agreeing to the appointment of a preferred bidder to enter into detailed discussions and negotiations for the site, subject to planning.
4. The decision taken was to appoint Real Ventures as the preferred bidder with its proposal for a 49 mega watt biomass scheme.
5. In April 2011 the preferred bidder status was extended by cabinet (decision reference 71(10/11)) for a further 15 months, to allow for the extensive ground investigation and environmental works required to enable a planning application to be submitted.
6. Due to the detailed investigations required by the Environment Agency, including ongoing ground monitoring over a period of time, and the need for full risk assessments relating to development on a former tip and waste permissions (to relocate existing waste from one part of the site to another) required in connection with this (all of which is being

undertaken by Real Venture at its own risk and cost), Real Ventures is not yet in a position to submit a planning application and has requested a time extension to enable this, as detailed in the letter attached as the Appendix to this report.

7. It is therefore proposed that a 12-month extension is agreed to enable this work to be undertaken, together with the ability for the relevant cabinet member to agree, under delegated powers, extensions, thereafter, if necessary.

STRATEGIC CONTEXT

8. The proposal for a renewable energy scheme on this site meets one of the council's eight key corporate objectives, namely Regeneration and the Economy, specifically promoting the green economy through jobs and sustainability.
9. It also ties in with another of the council's corporate objectives, being Delivery of Budget Savings through Changed Service Provision, which includes actively seeking to sell or dispose of assets that are surplus to requirements.
10. The disposal of the site is also in accordance with the council's Strategic Asset Management Plan, approved in 2011.
11. There are not believed to be any human rights issues relating to this decision.

CONSULTATION

12. The Cabinet Member for the Environment and the Economy has been consulted.

FINANCIAL / BUDGET IMPLICATIONS

13. The site comprises a former municipal tip which is owned and managed by the Isle of Wight Council, but for which the council has no restoration strategy nor, indeed, does it have any budget for remediation of the site sufficient for regeneration or redevelopment purposes. One of the principal reasons for marketing this site was to establish whether there were any parties prepared to take on the liability of land remediation, which is likely to be extremely costly, as part of their renewable energy proposals.
14. Previous estimates in 2010 for removal of contaminated waste material (circa 35,000 cubic meters from only half of the site) for remediation purposes were between £3.5m and £5m.
15. Any development of the site will require new EA licences and these will only be granted if detailed remediation is undertaken in accordance with EA requirements.
16. Any land transaction will reflect the cost of remediating the site and these costs are likely to outweigh any inherent land value.
17. There are no direct cost implications of this report as all work in relation to this proposal, and negotiations with Real Ventures, are being undertaken within existing budgets.

LEGAL IMPLICATIONS

18. Section 123 of the Local Government Act 1972 allows the council to dispose of land for 'best consideration'. Best consideration is not limited to the highest achievable price, but can also include the value of other economic or social benefits particularly where these further the council's corporate objectives.
19. There is no legal reason for the council not to extend the time period of the preferred bidder status, as this will enable compliance with EA requirements.

PROPERTY IMPLICATIONS

20. As this is predominantly a property based transaction there are not believed to be any further property considerations that need to be reflected.

EQUALITY AND DIVERSITY

21. The council, as a public body, is subject to general and specific duties under equality and diversity legislation and as such has a duty to impact assess its services, policies/strategies, and decisions with regards to diversity legislation and the nine protected characteristics (race, gender reassignment, disability, age, sex and sexual orientation, religion or belief, pregnancy and maternity, marriage and civil partnership). None of the identified groups are likely to be adversely discriminated against by this proposal, particularly as the land does not currently benefit any part of the community.

CARBON EMISSIONS

22. The proposed disposal of this land has no direct implications for the council's Carbon Management Plan, insofar as the site comprises an undeveloped former municipal tip. However the proposed development of the site with a 49 mega watt biomass plant is likely to have a significant positive impact on the Island's overall carbon footprint, as the plant is anticipated to generate sufficient electricity for a large percentage of the Island's population (suggested to be in excess of 60%).

SECTION 17 CRIME AND DISORDER ACT 1998

23. There are no direct crime and disorder implications arising from the recommendations in this paper. There have however in the past been issues with trespass over the site and, on occasions, its use by mini motor bike riders. Transfer of the site for regeneration purposes would have a positive impact in this respect.

OPTIONS

24. The following options are to be considered
 - i. Agree to extend the preferred bidder status timescale for a further 12 months to enable environmental investigations and design work sufficient for the submission of a planning application.
 - ii. Agree that the cabinet member can extend the preferred bidder status timescale, under delegated powers, thereafter, if required

- iii. To remarket the site on the same basis as in 2010.
- iv. Do not extend the preferred bidder status timescale.

RISK MANAGEMENT

- 25. The need to undertake extensive ground monitoring, risk assessment and other preparatory work is due to the extensive requirements of the EA in respect of remediation and development of the site, and Real Ventures has no choice but to comply with these requirements. Similar requirements would apply to any other party seeking to redevelop the site and, if Real Ventures withdrew its interest and another party was selected and a new scheme proposed, could result in additional delays. The mitigation to prevent extended delays from any new scheme is to agree a timescale extension with Real Ventures to enable the extensive requirements of the EA to be met.
- 26. One of the principal reasons for granting preferred bidder status timescale in the first place, was to enable the successful party a secure position so that it could continue accessing funding for the detailed investigations required on a site such as this. If the preferred bidder status timescale is not extended there is a medium to high risk that Real Ventures would have to withdraw its interest due to its need to have a secure position regarding the site in respect of funding.
- 27. In the original cabinet decision of March 2010, the preferred bidder status was recommended on the basis of negotiations not proving abortive. The current position is due to the extensive background investigative works that are required to satisfy the EA and not due to abortive negotiations. If the site was to be remarketed then, not only would a new regeneration and development scheme have to be agreed with the EA, but new disposal terms would also need to be negotiated. Again, the mitigation to this would be to agree the timescale extension with Real Ventures.
- 28. There is a low to medium risk that 12 months may not be sufficient time to complete the ongoing investigations and process a planning application through to resolution. In order to avoid the need for a further cabinet decision to extend the preferred bidder period it is recommended that the cabinet member is enabled to take a decision to grant an additional timescale extension, if necessary, as per Option 2.
- 29. The risk management relating to the respective schemes of the interested parties was set out in the March 2010 report and it is believed that these still apply to Option 3 within this report.
- 30. Option 4 is likely to result in the loss of any interest in the site, and almost certainly any prospect of achieving a suitable renewable energy scheme thereon. This would most likely result in the council retaining a closed former tip site with all of the risks that are inherent with this, as set out in the previous reports.

EVALUATION

- 31. The preferred bidder has been actively pursuing its proposals and delays in submitting a planning application are linked directly with the need to undertake ground monitoring, a formal risk assessment and waste relocation discussions with the EA. These are likely to be required by any party submitting regeneration proposals for this difficult site.

32. Whilst a time limit was applied to both previous decisions taken, it would be inequitable to remove the preferred bidder status at this point in time, when Real Ventures has been undertaking a significant amount of work at considerable cost, and is still actively investing in bringing its scheme forwards.
33. For these reasons it is recommended that the preferred bidder status timescale with Real Ventures is extended by a further 12 months to expire at the end of July 2013, and that the cabinet member is able to extend further, if required.

RECOMMENDATION

34. It is therefore recommended that Options 1 and 2 are adopted, namely:

Option i – Agree to extend the preferred bidder status timescale for a further 12 months to enable environmental investigations and design work sufficient for the submission of a planning application.

Option ii – Agree that the cabinet member can extend the preferred bidder status timescale, under delegated powers, thereafter, if required.

APPENDICES ATTACHED

35. [APPENDIX](#) – Letter dated 28 April 2012 from Real Ventures

BACKGROUND PAPERS

36. Cabinet Report March 2010 reference 96/10.
37. Cabinet Report April 2011 reference 71(10/11)

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